

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:199
ANSWERED ON:20.02.2006
TAKE OVER OF FERTILIZER PLANT
Yadav Shri Ram Kripal

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

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- (a) whether Krishak Bharati Cooperative Limited (KRIBHCO) has finalized an agreement with Oswal Groups of Company to take over their fertilizer plant;
- (b) if so, the details thereof alongwith terms and conditions of the agreement;
- (c) whether proper formalities and established norms were not followed in the said agreement;
- (d) if so, the details thereof;
- (e) whether KRIBHCO has already paid Rs. 400 crores to the Oswal Groups against this agreement; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE)

(a) : Krishak Bharati Cooperative Limited (KRIBHCO) through M/s. KRIBHCO Shyam Fertilizers Ltd. (KSFL) has taken over the Shahjahanpur plant of Oswal Chemicals and Fertilizers Ltd. (OCFL).

(b) : The details and terms & conditions of the agreement are given below:

The acquisition has been done through a Special Purpose Vehicle (SPV) at a consideration of Rs. 1900 crore

A new joint venture company named KSFL was incorporated on December 8, 2005

KRIBHCO will have 60% of the equity in the KSFL and will have all the Management control.

KRIBHCO will have the entire marketing rights of all the products of the KSFL.

As per the Agreement to Sell, the assets of Shahjahanpur plant are to be transferred by OCFL free from all encumbrances in favour of KSFL.

All the liabilities till the date of transfer shall be the responsibility of OCFL.

(c) & (d) : The approval of the Board and General Body for the acquisition of the assets of Shahjahanpur plant and formation of a subsidiary company by the name of KSFL were taken by KRIBHCO as per the provisions of the Multi-State Cooperative Societies Act, 2002.

(e) & (f) : As per information provided by KRIBHCO, out a total equity of Rs. 700 crore of KSFL, KRIBHCO has paid Rs. 420 crore as its share of equity in KSFL and the balance amount of Rs. 280 crore has been contributed by the other Joint Venture Partner. For the remaining amount, loans have already been arranged.